

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

January 10, 2003

IN RE:

PETITION FOR PROPOSED MERGER OF FRONTIER
COMMUNICATIONS OF AMERICA, INC. AND
CITIZENS TELECOMMUNICATIONS COMPANY AND
SUBSEQUENT NAME CHANGE TO FRONTIER
COMMUNICATIONS OF AMERICA

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) DOCKET NO.
) 02-01199
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ORDER APPROVING MERGER

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on November 18, 2002 for consideration of the *Petition for Proposed Merger of Frontier Communications of America, Inc. and Citizens Telecommunications Company and Subsequent Name Change to Frontier Communications of America* (the "Petition") filed by Citizens Communications Company ("Citizens"), Citizens Telecommunications Company ("Citizens Telecommunications"), and Frontier Communications of America, Inc. ("Frontier") (the "Petitioners"), pursuant to the provisions of Tenn. Code Ann. § 65-4-112, for approval of a merger.

Requirement of and Standards for Authority Approval

Under the provisions of Tenn. Code Ann. § 65-4-112, a merger or consolidation of property between regulated public utilities is not valid until approved by the Authority. This

Section states:

(a) No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

The Petition

The *Petition* was filed on November 1, 2002. The Petitioners request Authority approval of a transaction in which Frontier will be merged into Citizens Telecommunications. Both Frontier and Citizens Telecommunications are subsidiaries of Citizens that provide long distance service across the country.

According to the *Petition*, Citizens has a long history of providing utility and telecommunications services. Prior to June 2001, Citizens owned incumbent local exchange carrier subsidiaries operating approximately 1.4 million telephone access lines in sixteen (16) states, including Tennessee. Citizens Telecommunications was granted authority to provide long distance service in Tennessee by Order dated November 10, 1995 in Tennessee Public Service Commission ("TPSC") Docket No. 95-03786. Citizens Telecommunications provides intrastate and interstate long distance service to subscribing local telephone service customers of Citizens Telecommunications Company of Tennessee, LLC d/b/a Frontier Communications of Tennessee and Citizens Telecommunications of the Volunteer State, LLC d/b/a Frontier Communications of the Volunteer State. Citizens Telecommunications Company was also granted authority to provide competitive local exchange service in Tennessee by Order dated June 27, 1996 in TPSC Docket No. 96-00779. In June 2001, Citizens purchased from Global Crossing Ltd. one hundred percent (100%) of the stock of Frontier Corp.'s local exchange carrier subsidiaries. As part of the same transaction, Citizens purchased Frontier, which offered long distance services to the customers of Frontier Corp.'s incumbent local exchange carrier subsidiaries. Frontier was

granted authority to provide long distance service in Tennessee by Order dated February 26, 2002 in Docket No. 01-00577.

Petitioners request Authority approval, pursuant to Tenn. Code Ann. § 65-4-112, of a merger between Frontier and Citizens Telecommunications. The *Petition* states that Citizens Telecommunications will acquire all of the outstanding shares of capital stock of Frontier. Citizens Telecommunications will be the surviving entity and will serve over 1.1 million long distance customer lines across the country. Frontier will relinquish its long distance certificates. Citizens Telecommunications will change its name to "Frontier Communications of America."

The *Petition* states that Frontier will comply with all Federal Communications Commission customer notice and transfer requirements and all state requirements. The *Petition* states that the new combined long distance company will operate under the terms and conditions of the long distance authority granted to Citizens Telecommunications. The pricing, terms, and conditions of service of Citizens Telecommunications currently in effect in Tennessee will replace the pricing, terms, and conditions of Frontier. According to the *Petition*, Frontier currently has no customers in Tennessee and, therefore, the merger will have no effect on Tennessee customers. The *Petition* states that the only change affecting customers of Citizens Telecommunications will be the name change to "Frontier Communications of America."

The Authority considered this matter at the November 18, 2002 Authority Conference. Based upon careful consideration of the *Petition* and of the entire record of this matter, the Authority finds and concludes as follows:

1. Frontier Communications of America and Citizens Telecommunications Company have received certification to provide telecommunications services in Tennessee.
2. The Authority has jurisdiction over the subject matter of the *Petition* pursuant to Tenn. Code Ann. §§ 65-4-101 and 65-4-112.

3. As a result of the proposed transaction described in the *Petition*, a merger will take place between Frontier Communications of America and Citizens Telecommunications Company, each of which is a subsidiary of Citizens Communications Company. Following the merger, Citizens Telecommunications Company will be the surviving entity, and Citizens Telecommunications Company will change its name to "Frontier Communications of America."

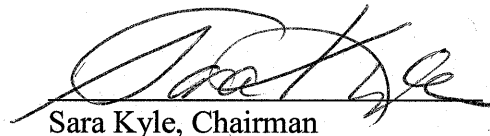
4. Approval of the merger pursuant to Tenn. Code Ann. § 65-4-112 is compatible with the public interest.

5. Petitioners shall promptly notify existing customers of Citizens Telecommunications Company of the change of that company's name to "Frontier Communications of America."

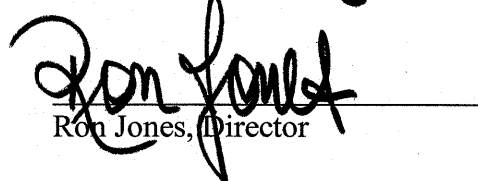
IT IS THEREFORE ORDERED THAT:

1. The *Petition* of Citizens Communications Company, Citizens Telecommunications Company, and Frontier Communications of America, Inc. for approval of a merger is granted.

2. Petitioners shall promptly notify existing customers of Citizens Telecommunications Company of the change of that company's name to "Frontier Communications of America."


Sara Kyle, Chairman


Deborah Taylor Tate, Director


Ron Jones, Director